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Department of Finance

News Release

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Release of *The Fiscal Monitor*

The Honourable Jim Flaherty, Minister of Finance, today released *The Fiscal Monitor* for April and May 2007.

Highlights

April 2007: budgetary surplus of $2.7 billion

There was a budgetary surplus of $2.7 billion in April 2007, up $0.1 billion from the $2.6-billion surplus in April 2006. Budgetary revenues rose $2.0 billion, or 10.6 per cent, driven in large part by a $1.0 billion, or 44.6 per cent, increase in corporate income tax revenues. Personal income tax revenues and other income tax revenues were also up, while goods and services tax (GST) revenues declined due to the July 1, 2006 rate reduction. Program expenses increased $1.7 billion, or 12.3 per cent, reflecting an increase in transfer payments and departmental operating expenses. Public debt charges were up $0.3 billion, due to an increase in the average effective interest rate on the stock of interest-bearing debt.

May 2007: budgetary surplus of $0.8 billion

There was a budgetary surplus of $0.8 billion in May 2007, down from the $1.0-billion surplus recorded in May 2006. Budgetary revenues were up $0.4 billion, or 2.2 per cent. All revenue streams, with the exception of GST, were higher. Program expenses were up $0.6 billion, or 4.3 per cent, while public debt charges were virtually unchanged.

April and May 2007: budgetary surplus of $3.5 billion

For the first two months of the 2007–08 fiscal year (April and May), the budgetary surplus is estimated at $3.5 billion, down marginally from the $3.6 billion surplus reported in the same period last year. Revenues increased $2.4 billion, or 6.5 per cent, due in large part to strength in corporate income tax revenues. Program expenses were up $2.3 billion, or 8.2 per cent, reflecting higher transfers and other program expenses. Public debt charges rose $0.3 billion.

The results for the first two months of the fiscal year are not indicative of the outcome for the year as a whole. For example, the year-to-date results do not include the spending measures pertaining to 2007–08 that were announced in Budget 2007 but for which legislative authority had not been received by the end of May, including significant increases in funding for Equalization and the Canada Social Transfer. These measures will be reflected in the coming months. In addition, financial results can be volatile on a monthly basis due to variations in the timing of significant payments or receipts.

A quarterly update of the 2007–08 budgetary surplus projection will be provided in the June *Fiscal Monitor*, which will be published in late August.

The Fiscal Monitor is a monthly document that provides highlights of the federal government's fiscal performance, including monthly revenues, expenses, the budgetary balance and the financial source/requirement.

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